

Message Text

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USIA-06 EB-07 COME-00 TRSE-00 OMB-01 SIL-01 LAB-04

SAJ-01 /071 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7569

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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S E C R E T SECTION 01 OF 02 LONDON 01122

E.O. 11652: XGDS-1

TAGS: UK, PINT

SUBJECT: MR. WILSON GOES TO WASHINGTON

BEGIN SUMMARY - THIS MESSAGE SUMMARIZES WILSON'S INTERNAL POLITICAL POSITION AS HE GOES TO WASHINGTON TO MEET WITH THE PRESIDENT AND SECRETARY. SEPARATE MESSAGES DEAL WITH OTHER PRINCIPAL MEMBERS OF WILSON'S PARTY WITH WHOM THE PRESIDENT AND SECRETARY MAY HAVE CONTACT, AND ITEMS WILSON IS LIKELY TO HAVE ON HIS MIND DURING VARIOUS CONVERSATIONS THAT WILL TAKE PLACE. END SUMMARY

1. HAROLD WILSON GOES TO WASHINGTON NEXT WEEK AS THE MOST SENIOR OF THE DEMOCRATICALLY ELECTED HEADS OF
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GOVERNMENT IN WESTERN EUROPE. STILL ONLY 58, HE HAS BEEN

PRIME MINISTER OF THE UK FOR MORE THAN SIX OF THE LAST TEN YEARS. FAST-FOOTED, TACTICALLY ORIENTED, AND UNENCUMBERED BY STRONG CONVICTIONS OR OVER-ARCHING PHILOSOPHIC PURPOSES, HE ENJOYS THE POLITICAL GAME AND PLAYS IT EXCEEDINGLY WELL.

2. WILSON IS A TESTED ALLY OF THE US. DURING THE DARKEST DAYS OF THE VIETNAM WAR HE STOOD BY PRESIDENT JOHNSON AT NO SMALL COST TO HIS POSITION WITHIN HIS OWN PARTY. HE IS A STRONG SUPPORTER OF NATO, AS THE CURRENT BRITISH DEFENSE REVIEW AGAIN BEARS WITNESS. HE HAS NEVER HAD ANY OF THE POLITICAL ROMANTICISM, PARTICULARLY ABOUT RELATIONS WITH THE SOVIETS, THAT IS OFTEN IDENTIFIED WITH SOCIALIST LEADERS OF HIS GENERATION.

3. FRESH FROM HIS FOURTH GENERAL ELECTION VICTORY (TWO WITHIN A YEAR), WILSON MIGHT, IN THE NORMAL COURSE OF EVENTS, LOOK FORWARD TO ANOTHER FOUR-AND-A-HALF YEARS IN OFFICE. HIS PARTY HAS A WORKING MAJORITY, THE OPPOSITION IS BADLY FRAGMENTED, AND THE CONSERVATIVES ARE WANTING IN LEADERSHIP AND ALTERNATIVE POLICIES. WILSON SHOULD FEEL SECURE AND CONFIDENT AND BE ABLE TO THINK "ABOVE POLITICS." HOWEVER, HE CANNOT.

4. HE PRESIDES OVER A PROFOUNDLY DIVIDED PARTY. HIS

DEXTERITY, AT TIMES AWESOME, IN STRADDLING ITS EVER-SHIFTING CENTER OF GRAVITY HAS WON HIM THE GRUDGING RESPECT OF THE RANK AND FILE, BUT HE IS NOT A MAN TO INSPIRE ITS AFFECTION OR LOYALTY. ELECTED LEADER IN 1963 AS THE CANDIDATE OF THE LEFT, HE PERMANENTLY ALIENATED THE MARXISTS IN THE LABOR PARTY BY HIS PRAGMATIC, NON-DOCTRINAIRE APPROACH TO PROBLEMS WHILE IN OFFICE. HE NEVER SUCCEEDED, HOWEVER, IN WINNING THE ALLEGIANCE OF HIS PREDECESSOR'S DISCIPLES WHO SCORN WHAT THEY AND MANY OTHERS REGARD AS WILSON'S LACK OF PRINCIPLE. AFTER MORE THAN A DECADE, THEY STILL MOURN THE LOSS OF HUGH GAITSKELL.

5. WILSON MUST FEEL FURTHER RESTRAINED BY THE WEAKNESS
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OF THE UK ECONOMY. UNEMPLOYMENT IS RISING AND BUSINESS CONFIDENCE IS SHAKEN, NOT ONLY BECAUSE OF THE GENERALLY POOR ECONOMIC OUTLOOK, WHICH INCLUDES FALLING PROFITS AND DECLINING INVESTMENT, BUT ALSO BECAUSE OF THE UNCERTAINTY ABOUT THE STRUCTURAL SHIFTS AND INCREASED STATE OWNERSHIP OF INDUSTRY PROPOSED BY THE LABOR PARTY. IN THE SHORT TERM, AS UNEMPLOYMENT INCREASES, WILSON IS BOUND TO COME UNDER INCREASING PRESSURE FROM THE LEFT

WING OF HIS PARTY AND THE UNIONS TO IMPOSE RESTRICTIVE MEASURES SUCH AS IMPORT CONTROLS TO PROTECT DOMESTIC EMPLOYMENT AND INDUSTRY.

6. AGAINST THIS BACKGROUND, WILSON'S PROVEN SKILL IN GUIDING AND HOLDING TOGETHER THE DISPARATE ELEMENTS OF THE LABOR PARTY WILL SOON BE PUT TO ITS SEVEREST TEST. IN COMING TO GRIPS WITH BRITAIN'S ECONOMIC CRISIS, HE MUST SECURE FROM THE TRADE UNIONS A WIDER MEASURE OF SELF-RESTRAINT IN SEEKING WAGE INCREASES THAN THEY HAVE THUS FAR BEEN ABLE OR WILLING TO EXERCISE. IN A PERIOD

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OF EVER-SPIRALLING INFLATION, THIS MAY PROVE BEYOND EVEN HIS POWERS OF PERSUASION. SHOULD VOLUNTARY RESTRAINTS, AS EMBODIED IN THE FABLED "SOCIAL CONTRACT," BREAK DOWN, PRESSURES WOULD GROW FOR THE IMPOSITION OF STATUTORY RESTRAINTS. THE TRADE UNIONS WOULD BITTERLY RESIST SUCH A MOVE. SINCE THE LABOR PARTY IS THE POLITICAL ARM OF THE TRADE UNION MOVEMENT, A CONFRONTATION WITH THE TRADE UNIONS WOULD SURELY REOPEN THE BASIC SPLIT IN THE PARTY. THIS IN TURN COULD LEAD TO THE FALL OF THE GOVERNMENT. WILSON AND MOST TRADE UNION LEADERS ARE DETERMINED TO PREVENT SUCH AN EVENTUALITY BY TIGHTENING THE SOCIAL CONTRACT WITH INCENTIVES AND SANCTIONS, BUT IN THE MIDST
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OF A SEVERE RECESSION, MILITANTS MIGHT FORCE THE PACE OF EVENTS BEYOND THEIR CONTROL.

7. COMPOUNDING THIS NIGHTMARE IS THE STILL UNRESOLVED QUESTION OF WHETHER BRITAIN WILL REMAIN IN THE COMMON MARKET. PRIME MINISTER WILSON AND FOREIGN SECRETARY CALLAGHAN HAVE BEEN MASTERFUL IN THEIR CONDUCT OF "RE-NEGOTIATION" -- AN EXERCISE (PERHAPS EVEN A CHARADE) PRIMARILY DESIGNED TO PRESERVE THE UNITY OF THE LABOR PARTY WHILE CREATING THE CONDITIONS FOR KEEPING BRITAIN IN THE EC. AS THINGS STAND NOW, BOTH MEN MIGHT REASONABLY EXPECT TO SECURE A MANDATE TO REMAIN IN THE EC VIA THE REFERENDUM THAT WILSON HAS ANNOUNCED WILL BE HELD BY THE END OF JUNE. HOWEVER, THE ELECTORATE MAY EXPRESS ITS DISCONTENT WITH THE WORSENING ECONOMY THROUGH A NEGATIVE VERDICT ON EC MEMBERSHIP. THE LONG-TERM CONSEQUENCES FOR THE UK WOULD BE SERIOUS. MORE IMMEDIATELY, WILSON'S POSITION AS LEADER OF THE LABOR PARTY WOULD ALMOST CERTAINLY BE UNDERMINED, AND BRITAIN'S ECONOMIC DIFFICULTIES WOULD BE AGGRAVATED.

8. WILSON HAS WELCOMED THE PRESIDENT'S PROPOSALS TO REFLATE THE AMERICAN ECONOMY, WHICH HE SEES AS A NECESSARY PRECONDITION FOR BRITISH RECOVERY. AS A TRAINED ECONOMIST HE CAN BE EXPECTED TO DISCUSS KNOWLEDGEABLY WITH THE PRESIDENT THE BROAD PROBLEMS FACING ALL WESTERN ECONOMIES, AS WELL AS THE PARTICULAR PROBLEMS AFFLICTING BRITAIN. BUT IN HIS HEART HE KNOWS THAT THE ACTIONS OF THE UNITED STATES AND THE EC AND OTHER INTERNATIONAL BODIES CAN AT BEST ONLY CREATE THE CONDITIONS FOR BRITAIN'S RECOVERY. IT FALLS TO HIM, AS PRIME MINISTER, TO MAKE THE HARD POLITICAL DECISIONS AT HOME, TO WIN OVER AND, IF NECESSARY, CONFRONT THE TRADE UNIONS, TO GAIN POPULAR ACCEPTANCE FOR THE NECESSARY SACRIFICES, AND TO GIVE THE BRITISH PEOPLE A NEW SENSE OF PURPOSE.

BOLD LEADERSHIP HAS NEVER BEEN WILSON'S STYLE. HE HAS NO CHARISMA, BUT THRIVES ON ADVERSITY AND IS INFINITELY VERSATILE. HE MAY WELL BE FACING HIS DARKEST -- AND POTENTIALLY HIS FINEST -- HOUR.

9. ALL IN ALL, WILSON FACES DIFFICULT DAYS AHEAD IN-
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TERNALLY. HIS CONSUMMATE POLITICAL SKILLS WILL BE HEAVILY TAXED. THE BEST PROGNOSIS AT THE MOMENT, HOWEVER, IS THAT "AT THE END OF THE DAY" (A FAVORITE WILSON PHRASE), HE WILL FIND WAYS TO AVOID A FRAGMENTATION OF HIS PARTY WHILE KEEPING BRITAIN IN THE COMMON MARKET. THE MORE INCALCULABLE QUESTION IS WHETHER BRITAIN CAN MOBILIZE THE INTERNAL SELF-DISCIPLINE TO COPE WITH ITS GRIM ECONOMIC SITUATION. THE BRITISH HAVE RISEN TO CRISES IN THE PAST, BUT IN THIS ONE THEY DO NOT HAVE THE BENEFIT OF AN IDENTIFIABLE EXTERNAL ENEMY WHICH COULD MAKE IT EASIER TO ACCEPT SACRIFICE AND SUBMERGE CLASS DIFFERENCES.

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